



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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"To Enrich Lives Through Effective And Caring Service"

Board of Supervisors
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November 03, 2015


The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

6 November 3, 2015


PATRICK OGAWA
ACTING EXECUTIVE OFFICER

**LEASE RENEWAL
DEPARTMENT OF PUBLIC SOCIAL SERVICES
17600 SOUTH SANTA FE AVENUE, RANCHO DOMINGUEZ
(SECOND DISTRICT)
(3 VOTES)**

SUBJECT

A seven-year lease renewal for 133,000 square feet of office space, and 600 on-site parking spaces located at 17600 South Santa Fe Avenue, Rancho Dominguez, for the Department of Public Social Services.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease renewal is categorically exempt from the provisions of the California Environmental Quality Act, pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Mayor to sign the renewal of the lease for a seven-year term with 17600 Santa Fe Avenue Partners, L.P., for 133,000 square feet of office space, and 600 on-site parking spaces, located at 17600 South Santa Fe Avenue, Rancho Dominguez, for the Department of Public Social Services, at an annual first year rent not to exceed \$2,991,468, with an estimated net County cost of \$270,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Department of Public Social Services (DPSS), which houses the South Family District and the South Special District, has been in the facility since 1990.

South Family District - 17600A South Santa Fe - Programs: CalWORKs, CalFresh, and Medi-Cal. The South Family District office provides temporary financial assistance, and employment focused services to families with minor children who have income and property below State maximum limits for their family size. This office serves the residents of the Rancho Dominguez area, and adjacent communities. The CalFresh program helps eligible low-income families and individuals meet their basic nutritional needs by increasing their food purchasing power. Medi-Cal provides comprehensive medical benefits to low income families with children, pregnant women, adults who are over 65, and individuals who are blind or otherwise disabled. Depending on their income and resource levels, individuals and families may be eligible for a no-cost, or a share-of-cost, Medi-Cal program. CalWORKs families receive no-cost Medi-Cal.

South Special District - 17600B South Santa Fe - Programs: General Relief (GR) and General Relief Opportunities for Work (GROW). The South Special District provides temporary financial assistance and employment focused services to adults who have income and property below State and County maximum limits. The office serves the residents of the Rancho Dominguez area and adjacent communities. GROW provides employment and training services to help employable GR participants obtain jobs and achieve self-sufficiency. Participants are assigned to a GROW Case Manager who will work with them to achieve their employment. GR participants receive CalFresh.

The renewal will allow DPSS, which has been on holdover since April 5, 2015, to continue its operation at the subject facility commencing upon approval by the Board of Supervisors.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. In this case, the County is supporting this Goal by providing services that enhance the families' opportunities to achieve self-sufficiency and economic well-being. This lease renewal complies with the Asset Management Principles, as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The maximum first year rental cost, including a monthly base rent of \$142,461, and a monthly operating expense rent of \$106,828 shall not exceed \$2,991,468, with an estimated net County cost of \$270,000. Sufficient funding for the proposed lease renewal cost is included in the Fiscal Year (FY) 2015-16 Rent Expense budget, and will be billed back to DPSS. DPSS has sufficient funding in its FY 2015-16 operating budget to cover the lease renewal costs. Attachment B is an overview of the proposed lease renewal costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County entered into this modified-gross lease in April 1990 for 133,000 square feet of office space. The lease renewal includes the following provisions:

- The term commences upon the Board of Supervisors' approval, and expires seven years thereafter.
- There is a cancellation provision allowing either party, 17600 Santa Fe Avenue Partners, L.P., (Lessor), or the County of Los Angeles (County), the right to cancel the lease effective at the fifth anniversary of the new term commencement date upon 180 days prior written notice.
- The rent includes on-site parking for 600 vehicles.
- This is a modified-gross lease, whereby the Lessor is responsible for all operating expenses associated with the DPSS occupancy, excluding property taxes and utilities, which are paid by the County.
- The base rent is subject to annual Consumer Price Index (CPI) increases of the new base year rent throughout the term to a maximum of 4 percent, capped at \$5,698 monthly. The operating expense rent is subject to annual CPI increase to a maximum of 4.45 percent, capped at \$4,754 monthly.
- Upon renewal of the Lease, the Lessor will install carpet tiles throughout the premises at his sole cost, including the cost of lifting furniture.

The Chief Executive Office (CEO) Real Estate Division staff surveyed the Rancho Dominguez area, as specified by DPSS, in order to maintain close proximity within the service area. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically at this time. Attachment C shows all County-owned and leased facilities within the surrounding Rancho Dominguez area, and there are no County-owned or leased facilities available for the programs. A long-term strategy to consolidate the DPSS functions with DCFS programs is being considered with the intent to relocate the programs together in approximately five years.

Staff has determined that the uniqueness of this hybrid building (warehouse space converted to office space), and the significant amount of parking, demanded an expanded market survey of properties that encompassed a broad rental range. Based upon this market survey of properties in the Rancho Dominguez area, a base rental range including parking for warehouse/office properties is between \$17 and \$26 per square foot per year, on a modified-gross lease. The existing lease terms provide a \$22.49 per square foot base annual rent, which represents a market rental rate within the market range.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this project is exempt from the California Environmental Quality Act (CEQA), as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease renewal will provide the necessary office space for this County requirement. DPSS concurs with the proposed lease renewal.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors return two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, Los Angeles, CA 90012.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sachi A. Hamai".

SACHI A. HAMAI
Chief Executive Officer

SAH:TT:CMM
TS:gw

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Public Social Services

**DEPARTMENT OF PUBLIC SOCIAL SERVICES
17600 SOUTH SANTA FE AVENUE, RANCHO DOMINGUEZ
Asset Management Principles Compliance Form¹**

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ²	X		
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ² 186 sq .ft. per person.	X		
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program? 91 percent State and Federal Funding.		X	
	B	Is this a long term County program?		X	
	C	If yes to 2 B or C; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered? A build-to-suit is being considered within the next 60 months and a cancellation right was negotiated in order to accommodate that potential project being completed.	X		
3.	<u>Portfolio Management</u>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?	X		
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. <u>X</u> No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. ____ The Program is being co-located.			
	E	Is lease a full service lease? ² County pays for all utilities and reimburses Lessor for Property taxes		X	
	F	Has growth projection been considered in space request?		X	
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
		¹ As approved by the Board of Supervisors 11/17/98			
	² If not, why not? Please bold any written responses.				

**FISCAL IMPACT / FINANCING
OVERVIEW OF LEASE CHANGES**

17600S. SANTA FE	EXISTING LEASE NO. 60549	SEVEN-YEAR LEASE	CHANGE
Area (square feet)	133,000	133,000	None
Term	04/04/10 – 04/04/15 On Month to Month	Upon Board approval	+Seven years
Annual Base Rent	\$1,709,532	\$1,709,532	None
Annual Operating Expense Rent	\$1,441,548	\$1,281,936	-\$159,612
Tenant Improvement Reimbursement	None	Carpet	+\$605,000 (At Lessors sole cost)
Maximum First Year Rent	\$ 3,151,068	\$2,991,468	-\$159,612
Parking	600 parking spaces	600 parking spaces	None
Cancellation	None	Either party at the fifth year anniversary	Either party at the fifth year anniversary
Option to Renew	None	None	None
Rental Adjustment	Annual CPI adjustment capped at 5 percent of Base Rent and 6 percent of Base Operating Expense Rent	Annual CPI adjustment capped at 4 percent of Base Rent and 4.45 percent of Base Operating Expense Rent	Reduction of 1% of the base rent adjustment, reduction of 1.55% of the operating rent adjustment

ATTACHMENT C

SPACE SEARCH – WITHIN SERVICE AREA OF DPSS CLIENT PARTICIPANTS DEPARTMENT OF PUBLIC SOCIAL SERVICES 17600 S. SANTA FE AVENUE, RANCHO DOMINGUEZ

Laco	Facility Name	Address	Ownership	Gross SQFT	Net SQFT	Available SQFT
X169	DPSS-COMPTON AP DISTRICT OFFICE	211 E ALONDRA BLVD, COMPTON 90220	OWNED	48,135	38,777	NONE
A556	DMH/DC&FS-COMPTON FAMILY SERVICES CENTER	921 E COMPTON BLVD, COMPTON 90221	LEASED	30,090	28,586	NONE
5982	PUBLIC LIBRARY-COMPTON LIBRARY	240 W COMPTON BLVD, COMPTON 90220	OWNED	43,842	15,830	NONE
0370	COMPTON AIRPORT-ADMIN BUILDING-8	901 W ALONDRA BLVD, COMPTON 90220	OWNED	2,880	2,592	NONE
A644	MENTAL HEALTH-FSP ASOC	546 W COMPTON BLVD, COMPTON 90220	LEASED	4,207	3,997	NONE
A620	PUBLIC LIBRARY-EAST RANCHO DOMINGUEZ LIBRARY	4205 E COMPTON BLVD, RANCHO DOMINGUEZ 90221	LEASED	5,000	4,529	NONE
A561	DHS-DOLLARHIDE HEALTH CENTER (P/PP SITE)	1108 N OLEANDER AVE, COMPTON 90222	LEASED	4,685	2,537	NONE
A560	DCSS-EAST RANCHO DOMINGUEZ SERVICE CENTER	4513 E COMPTON BLVD, RANCHO DOMINGUEZ 90221	LEASED	4,436	3,188	NONE
6087	PUB LIB-DR MARTIN LUTHER KING JR LIBRARY	17906 S AVALON BLVD, CARSON 90746	OWNED	5,024	4,084	NONE
A350	DEPT OF ANIMAL CARE AND CONTROL HEADQUARTERS	5898 CHERRY AVE, LONG BEACH 90808	OWNED	12,450	9,897	NONE
X351	CENTURY DETENTION-DETENTION ADMINISTRATION	11705 S ALAMEDA ST, LYNWOOD 90262	FINANCED	20,706	17,600	NONE
Y216	PUBLIC LIBRARY-PARAMOUNT LIBRARY	16254 COLORADO AVE, PARAMOUNT 90723	OWNED	8,750	7,426	NONE
3037	MONA-DIRECTOR'S BUILDING/ COMFORT STATION	2291 E 121ST ST, COMPTON 90222	OWNED	829	296	NONE
A020	SHERIFF-FIELD OPERATIONS REGION II	3010 E VICTORIA ST, RANCHO DOMINGUEZ 90221	LEASED	14,040	10,668	NONE
A959	DPSS-PARAMOUNT AP DISTRICT/GAIN PROGRAM REG V	2959 E VICTORIA ST, RANCHO DOMINGUEZ 90221	LEASED	54,000	44,280	NONE
4238	ANIMAL CONTROL #1-DOWNEY SHELTER ADMIN BLDG	11258 GARFIELD AVE, DOWNEY 90242	OWNED	4,257	2,772	NONE
4479	ANIMAL CONTROL #3-ADMINISTRATION BUILDING	216 W VICTORIA ST, CARSON 90248	OWNED	1,495	704	NONE
A034	PUBLIC LIBRARY-WILLOWBROOK LIBRARY	11838 S WILMINGTON AVE, LOS ANGELES 90059	LEASED	2,200	2,039	NONE
6875	PH-OASIS CLINIC	1807 E 120TH ST, LOS ANGELES 90059-3005	OWNED	6,000	5,700	NONE
Y861	ML KING-PLANT MANAGEMENT BUILDING	12021 S WILMINGTON AVE, LOS ANGELES 90059	OWNED	16,000	14,400	NONE

FACILITY LOCATION POLICY ANALYSIS

Proposed Lease Amendment: Lease Amendment for the Department of Public Social Services (DPSS) – 17600 S Santa Fe Avenue, Rancho Dominguez – 2nd District – Option to cancel at 60 months (5 years)

A. Establish Service Function Category – Regional and local public service function

Determination of the Service Area –The proposed lease will allow the DPSS continue its operation at the subject facility.

B. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: DPSS programs are most effective when located in the same geographic area as its consumers, providers and stakeholders.
- Need for proximity to existing County facilities: N/A
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: Rancho Dominguez offers abundant improved sites ready for rapid development for commercial and industrial property and is considered a low cost leader in Los Angeles County for development.
- Proximity to public transportation: The location is adequately served by Rapid Transit services.
- Availability of affordable housing for County employees: The surrounding area provides for affordable rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no existing County buildings available to meet the Department's service needs.

- Compatibility with local land use plans: The City of Compton Director of Development provided formal approval of the proposed DPSS facility as being consistent with the building's use and zoning for delivery of services at this location. The Department of Public Works previously inspected the facility and its recommendation concluded the facility met the requirements for County occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.
- C. Estimated acquisition/construction and ongoing operational costs:** The initial annual base rent of \$2,991,468, plus the estimated cost of the utilities and property taxes in the amount of approximately \$600,000 comprises the total annual lease costs for the facility. Sufficient funding for the proposed lease is included in the Fiscal year (FY) 2015-16 Rent Expense Budget and will be charged back to DPSS. DPSS has sufficient funding in its FY 2015-16 operating budget to cover the proposed lease costs, which are 91percent funded by federal and State subvention and 9 percent County cost. Attachment B is an overview of the lease costs.

D. Analyze results and identify location alternatives

The Chief Executive Office (CEO) Real Estate Division (RED) conducted a survey within the project area to determine the availability of comparable and more economical sites. Based upon said survey, staff has determined that the uniqueness of this hybrid building (warehouse space converted to office space) created a market survey of properties that encompassed a broad rental range. Based upon this market survey of properties in the Rancho Dominguez area, a base rental range including parking for warehouse/office properties is between \$17 and \$26 per square foot per year on a modified-gross lease. The existing lease terms provide a \$22.49 per square foot base annual rent which represents a market rental rate within the market range. The proposed facility provides the most viable space to house DPSS's program within the service area at this time. Attachment C shows County-owned and leased facilities within the search area for these programs and none are available to house these programs.

E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost and other Location Selection Criteria

A long term strategy to consolidate the DPSS functions with DCFS programs is being implemented with the intent to relocate the programs together in approximately five years.

**AMENDMENT No. 3 TO LEASE No. 60549
17600 S SANTA FE AVENUE, COMPTON
DEPARTMENT OF PUBLIC SOCIAL SERVICES**

This Amendment No. 3 to Lease No. 60549 (this "Amendment") is made and entered into this 15th day of October 2015, by and between 17600 SANTA FE AVENUE PARTNERS, L.P., a California limited partnership, herein after referred to as "Lessor," and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as "Lessee."

WHEREAS, Lessor and Lessee have entered into that certain Lease No. 60549 (hereinafter referred to collectively as "Original Lease") for those certain Premises located at 17600 South Santa Fe Avenue, Compton, California (the "Premises"); and

WHEREAS, the Original Lease was amended by that certain Amendment No. 1 to Lease No. 60549 dated April 15, 1991 ("First Amendment") and by that certain Amendment No. 2 to Lease No. 60549 dated November 17, 1998 ("Second Amendment") (the Original Lease, as amended by the First Amendment and the Second Amendment, is collectively referred to herein as the "Lease"); and

WHEREAS, Lessee exercised the Option to extend the term of the Lease effective April 5, 2010, for an additional five (5) year period which expired on April 4, 2015, and Lessee occupies the Premises as a holdover tenant under the terms of the Lease;

WHEREAS, Lessor and Lessee now desire to amend the Lease to extend the term of the Lease for seven (7) years, commencing upon approval by the Board of Supervisors of the County of Los Angeles.

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants, and agreements herein contained, and intended to be legally bound, Lessor and Lessee hereby covenant and agree as follows:

1. Paragraph 2. TERM, of the Lease shall be amended by adding the following:

After approval of this Amendment by the Board of Supervisors, Los Angeles County (the "Approval"), the term of the Lease shall be extended from the date of mutual execution and delivery hereof, to 5:00 p.m. on the day before the seventh (7th) anniversary of the date upon which the Approval was obtained ("Extension Term"). The date upon which the Approval is obtained is hereinafter referred to as the "Extension Term Commencement Date".

2. CANCELLATION, of the Original Lease, Lessee's rights thereunder having been waived by Paragraph 3 of the Second Amendment, is hereby deleted in its entirety and replaced with the following:

Lessee and Lessor each shall have a one-time right to cancel the Lease, at its sole discretion and at no cost, effective on the day prior to the fifth (5th) anniversary of the Extension Term Commencement Date (the "Termination Date"). Notice of the exercise of this right must be provided no later than 180 days prior to the Termination Date, time being of the essence, and any party who does not so timely provide such notice will be deemed to have waived the right to cancel the Lease thereafter.

3. Paragraph 3. RENT, of the Original Lease, is hereby deleted and replaced with the following:

Upon the Extension Term Commencement Date, the monthly Base Rent for the Premises will be \$142,460.55, and shall annually be increased by corresponding increases in the Base Index upon each anniversary of the Extension Term Commencement Date, not to exceed 4% of the then-current Base Rent, but in no event will said annual increase exceed a rate of \$5,698 per month. For purposes of such increases, the Base Index shall be the Index for the month in which the Extension Term Commencement Date occurs.

Upon the Extension Term Commencement Date, the Operating Expense rental rate for the Premises will be \$106,828.58, and shall be annually increased by corresponding increases in the Base Index upon each anniversary of the Extension Term Commencement Date, not to exceed 4.45% of the then-current Operating Expense Rent, but in no event will said annual increase exceed a rate of \$4,754 per month. In no event shall the Operating Expenses be less than the then current Operating Expenses. For purposes of such increases, the Base Index shall be the Index for the month in which the Extension Term Commencement Date occurs.

4. Paragraph 24. TENANT IMPROVEMENTS, of the Original Lease is hereby deleted and replaced with the following:

At its sole cost and expense, Lessor shall cause to be performed the installation of new carpet tile (to County of Los Angeles standards) throughout the Premises, including the cost of lifting the modular furniture during installation of carpet tiles, which work shall begin promptly after the Extension Term Commencement Date is determined and shall be completed within nine (9) months thereafter, unless there are delays caused by Lessee and/or its operations at the Premises.

Should Lessor fail to complete the foregoing Tenant Improvements within the above-referenced 9-month period except to the extent delays are caused by

Lessee and/or its operations at the Premises, Lessee may perform such duties and subtract the cost thereof from the monthly rent.

5. Capitalized terms not defined herein shall have the meanings otherwise ascribed to them in the Lease.

6. All other terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHERE OF this Lease has been executed the day and year first above set forth.

LANDLORD:

17600 SANTA FE AVENUE PARTNERS,
L.P., a California limited partnership

By MPI Santa Fe Victoria, LLC,
a California limited liability
company, its Managing General
Partner

By David A. Agger
David A. Agger
Manager

TENANT:

COUNTY OF LOS ANGELES
a body politic and corporate

By Mike Antonovich
Mayor, Board of Supervisors



ATTEST:

PATRICK OGAWA
Executive Officer-Clerk
of the Board of Supervisors

By: Rachelle Smitherman
Deputy
NOV 03 2015

I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

PATRICK OGAWA
Acting Executive Officer
Clerk of the Board of Supervisors

By: Rachelle Smitherman
Deputy
NOV 03 2015

APPROVED AS TO FORM:

MARY C. WICKHAM
Interim County Counsel

By: Mary C. Wickham
Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

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NOV 03 2015

Patrick Ogawa
PATRICK OGAWA
ACTING EXECUTIVE OFFICER

60549 Supplement No. 3